

THE MARKET FOR TOURISM TO THE USA FROM ITALY

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SUMMARY

Italy ranks fourth among the world's top tourism destinations and in total receipts from tourism. At the same time, for the Italian people taking a vacation is a must and national tradition. In 2000, 70% of Italians said they took at least one vacation in the past three years, 60% took one in the prior year, and another 23% took two to four vacations in the previous year. Italy also has a high percentage of outbound travelers -- 33% of the Italian adult population travels abroad every year.

In 2000 Italy stood in seventh place as largest overseas market for the U.S. tourism industry. Despite a 2% decrease in visitors, with a daily per capita spending of \$117 (1999 data), Italian tourists in the U.S. are still among the largest spenders.

A. MARKET HIGHLIGHTS & BEST PROSPECTS

Market Profile

Italy is the fourth largest market in Europe for the U.S. tourism industry, after the United Kingdom, Germany and France. Interest in travel to the U.S. continues to grow. After three years of steady growth, Italy experienced a slight decrease in 2000 mainly because of an unfavorable exchange rate between the U.S. dollar and European currencies. But the growth trend for travel to the U.S. is expected to continue. In fact, all surveys indicate a high propensity for Italians to travel abroad and all major players in Italy in the "travel to the U.S. sector" expect steady growth. America is expected to remain at the top of preferred long-haul destinations in Italy for a long time.

TABLE I: Number of Vacation Travelers to and from Italy during the last three years (in millions)

	1998	1999	2000
Inbound*	34.8	36.5	41.2
Outbound*	18	19.1	21

Source: WTO (*World Tourism Organization*) UIC (*Ufficio Italiano Cambi*)

In 2000, Italian travelers spent a total of \$16.7 billion abroad, 4.7% of world tourism expenditures. Italian travelers rank sixth in the list of worldwide tourist expenditures, after those from France (\$17.7 billion), the U.K. (\$32.3 billion), Japan (\$32.8 billion), Germany (\$48.5 billion) and the U.S. (\$59.4 billion). In 2000 Italians continued to travel abroad and spend at approximately the same pace. It is important to note that Italians continue to travel abroad in growing numbers, despite a generally unfavorable exchange rate. From 1998 to

2000, total expenditures for Italian outbound travel went from 7 thousand billion to more than 35 thousand billion lire, an increase of 400% in 12 years.

TABLE II: Italian travel expenditures abroad in \$ millions

	1999	2000	2001
Expenditures of Italian Pleasure Travelers in USA*	2,850	2,850	2,980
Expenditures of Italian Travelers in Third Countries	14,055	13,850	14,480
Total Market	16,905	16,700	17,460
Exchange Rates (\$1 equals Italian lira)	1818	2142	2100
Estimated Future Inflation:			
2.2 - 2.5%			

Sources: *Ufficio Italiano Cambi (UIC) expenditure figures. Statistics on travel expenditures compiled by the Ufficio Italiano Cambi are based on currency exchanges, Eurocheck payments, traveler's checks, credit card payments, and transfer of payments, according to EU statistical methods.*

**Office of Tourism Industries, International Trade Administration, U.S. Department of Commerce (OTI/ITA/USDOC) – includes transportation costs.*

1999 Market Share (Percentage for U.S. and major competitors)

U.S.: 3.3%; France: 34%; Spain: 13.2%; United Kingdom: 5.9%.

Source: WTO (World Tourism Organization)

Size of the Market

THE TOURISM MARKET IN ITALY (MILLIONS U.S. \$)

The U.S. is the preferred long haul destination for Italian tourists. The number of repeat visitors is increasing, opening further possibilities for less visited destinations within the U.S.

TRENDS IN ARRIVALS

TABLE III: Number of arrivals of Italians in the United States (in thousands)

Year	Arrivals	%Annual change
1993	556	-6%
1994	527	-5%
1995	525	-0%
1996	525	0%
1997	580	+10.5%
1998	311	+5.5%
1999	626	+2.4%
2000	612	-2.2%
change 93/00	+56	+10.1%

Source: OTI/ITA/USDOC

Comment: *Due to gradual lira weakness after September 1992 tourism to the U.S. decreased until 1996. In 1997, and 1998 despite the unfavorable USD - lira exchange rate, the number of Italian visitors increased*

significantly. This phenomenon is mainly due to the strong attraction of the U.S. for the Italian public and to the large number of repeat visitors.

VISITOR PROFILE

A. KEY DEMOGRAPHICS OF RECENT PLEASURE TRAVELERS TO THE UNITED STATES:

Male	70.9%
Female	29.1%
Average Male Age	41
Average Female Age	36
Travel Party Size – Adults only	93.3%
Travelling alone	76.5
Adults and Children mean party size	3.3
Average Household Annual Income	\$76,800

Source: OTI/ITA/USDOC: *Pleasure Travel Market to North America, Italy 1999. U.S. Highlights Report.*

B. TOP ACTIVITIES DURING RECENT PLEASURE TRIPS TO THE UNITED STATES:

ACTIVITY	1995	1999
Shopping	79.4%	79.1%
Sightseeing in cities	68.4%	42.7%
Dining in restaurants	67.8%	76.3%
Visiting museums/galleries	36.2%	31.9%
Visiting Historical Places	33.6%	41.8%
Visiting theme/amusement parks	31.2%	29.2%
Water sports/sunbathing	26.3%	15.9%
Visiting national parks or forests	25.4%	22.7%
Short guided excursions/tours	19.7%	12.8%
Visiting night clubs	18.8%	13.7%
Concerts/Plays/Musicals	17.1%	14.5%
Casinos/Gambling	16.3%	13.4%
Touring Countryside	15.7%	19.4%
Visiting unique Native-American Groups	12.1%	7.8%
Visit Small towns	N/A	32.8%
Ethnic Heritage Sights	N/A	6.1%

Source: OTI/ITA/USDOC: *Pleasure Travel Market to North America, Italy 1995 & 1999. U.S. Highlights Report.* **Note** - multiple answers were permitted.

In general, Italians, when selecting their vacation destinations, prefer those which offer beaches, sunbathing and water sports (55-60% of preferences). However, it is interesting to note that Italians select the U.S. for other purposes such as shopping and sightseeing. With regard to expenditures in the U.S., Italians always rank among the top five international spenders. In 1999 they spent an average of \$117 a day, a 9.3% increase compared to 1998 daily expenditures, and 18% more than the \$99 daily expenditure of the average international traveler.

C. TOP AREAS/STATES VISITED:**ITALIAN VISITATION ESTIMATES (Market Share & Volume in thousands)
VISITATION TO CENSUS REGIONS AND STATES**

	Market Share 2000	Volume 2000	Market Share 1999	Volume 1999
MIDDLE ATLANTIC	41.8%	256	44.4%	278
SOUTH ATLANTIC	37.6%	230	32.5%	203
PACIFIC	30.0%	184	31.8%	199
MOUNTAIN	**	**	14.8%	93
NEW ENGLAND	**	**	12.8%	80
New York	40.4%	247	43.0%	269
California	27.2%	166	30.3%	190
Florida	**	**	20.6%	129
Nevada	**	**	13.0%	81
Massachusetts	**	**	11.3%	71

Source: U.S. Department of Commerce, ITA, Tourism Industries, Bureau of Economic Analysis

D. TOP CITIES VISITED:

	Volume 1998	Volume 1999	Volume 2000	%point change 1998/99	%point change 1999/00
New York City	231	262	244	+13.4%	-7%
Los Angeles	123	125	N/A	+1.6%	
San Francisco	110	114	N/A	+3.6%	
Miami	100	79	N/A	-21%	
Las Vegas	89	77	N/A	-13.4%	
Boston	43	67	N/A	+55.1%	
Washington, DC	N/A	48	N/A	N/A	
Chicago	57	42	N/A	-22%	
San Diego	34	33	N/A	-3%	

Source: U.S. Department of Commerce, ITA, Tourism Industries, Bureau of Economic Analysis

BEST SALES PROSPECTS**Destinations:**

New York and California remain the preferred destinations in the United States for Italians. New York is the major gateway to the U.S. from Italy and offers the attractions of a cosmopolitan city as well as excellent shopping. California has Los Angeles, San Francisco, and San Diego, boasts a perceived glamorous lifestyle, and is a gateway to many popular national parks.

Compared to the recreational activities preferred by all international travelers, Italian tourists in the U.S. show a stronger interest in history, culture and nature. In particular, the following activities are of four to eight percent more interesting to Italians than the average international preferences: visiting historical places, small towns and villages; cultural heritage, Native American reservations, ethnic heritage sites culture, national parks, and environmental/ecological excursions.

This may explain the strong growth in the past few years of Boston and New England, and Washington DC as destinations for Italians leisure travelers.

Foreign Independent Traveler (FIT)

"Foreign Independent Travelers" (FITs) represent the largest segment of Italian tourists to the U.S., accounting for about 60% of the total flow. The number of FITs in the U.S. from Italy is still high, despite an 8% increase in the purchase of prepaid packages. Italians perceive the U.S. as a safe and easy destination to visit and feel very comfortable in making their own travel arrangements upon arrival. Self-drive "tours" with an average length of stay of 15.3 days are the most common form of travel, especially for visiting California. The most visited regions are: the Middle Atlantic (including New York, and Washington DC) with almost 42% of the market share, the South Atlantic (particularly Florida and South Carolina) with an increased market share of 37.6% and the Pacific region (including Los Angeles, San Francisco, Las Vegas and the national parks), whose market share decreased slightly from 1999, positioned at 30%. New York and California remain the most visited destinations with a market share of respectively 40.4% and 27.2%. Many FITs collect and consult travel plans from Italian tour operator catalogs, but don't then book with tour operators, and others increasingly use internet consultations.

Business Travel

The most recent market profile issued by the U.S. Department of Commerce, ITA, Tourism Industries, showed that Italian business travel to the U.S. has increased substantially in 2000, coupled with a decrease in vacation/holiday trips. Vacation travel from Italy to the U.S. decreased by 14% at the same time business travel increased by 14%. A possible primary reason for the increase in business travel as a percentage of total travel is the unfavorable (for Italians) exchange rate between the lira and the dollar. The dollar reached the peak of its strength against the lira in June 2001 at almost 2300 lire to the dollar.

ISTAT, the Italian official statistics bureau, recently issued a survey which showed that Italians traveling for business are mainly attending congresses and seminars (20.7%), business meetings (13.8%), joining a business mission (16.2%) or attending international shows (8%). Teaching, language courses and incentive trips draw the final positions (respectively 3.2%, 7.8% and 1.5%). The importance of Italian business travel to the U.S. is increasing, as it is less likely to be impacted by a strong dollar. Despite the unfavorable exchange rate the U.S. is the country where Italian business travelers spend the most, or almost 1.8 billion lire (about \$840 million) according to the Ufficio Italiano Cambi (UIC).

Pre-paid packages

Package travel was 22% of total Italian travel to the U.S. in 2000. However, the independent spirit of the Italian traveler is illustrated by the fact that most travel packages are customized. In their catalogs tour operators offer fly-drive packages to destinations. A sampling of these packages include Los Angeles, San Francisco, and Las Vegas; Miami, Orlando, and the Florida Keys; Boston and New England, as well as excursions to Niagara Falls from New York or to the Grand Canyon from Las Vegas. The customer selects the itinerary and the tour operator provides an estimated cost on a case-by-case basis. But, for the first time ever, in 2000 Italians bought more pre-paid packages for trips to the U.S. These pre-paid trips totaled 22% of the total trips, compared to 14% of the previous year. Although Italians continue to enjoy traveling on their own and organizing their own vacations, this new data is very significant and, if confirmed in the next few years, it might determine a change in the mode of travel.

Guided tours include city packages with an average length of stay of 7-10 days. These tours, tailored for Italians with little or no knowledge of the English language, include sightseeing and transfers usually in 4-5 cities among which are New York, Washington DC, Boston, Chicago, Los Angeles, San Francisco, Las Vegas, Miami, and Orlando.

B. COMPETITIVE ANALYSIS

Domestic Tourism

In general, Italian workers enjoy 5-6 weeks of paid vacation every year. Normally, three to four weeks leave are taken during the summer months, the rest mainly in winter, either at Christmas or in February for ski vacations.

In the last four years, it has become more frequent for Italians to have more than one vacation a year. In 1996, 72% of Italian vacationers had one holiday a year and 26% vacationed up to four times a year. In 2000, only 60% had just one holiday, while 34% percent took up to four vacations a year, for a country-wide average of 1.9 vacations per person. Despite the "multiple vacations trend", 70% of the over 90 million trips made by Italians in 2000 was carried out between July and September, with a peak in August (over 45% of all vacations). This is not always a personal choice, but a consequence of the decisions made by many large companies to close their offices during the month of August. Schools are also out of session from mid-June to mid-September, and for approximately ten days during Christmas and six days at Easter. The peak season and late booking habits create difficulties and problems for airlines and tour operators. Italian airports are always overcrowded during this period.

Summer vacations are generally spent at the sea (preferred by 47% of Italians) or in the mountains (20%). Winter holidays are spent in the mountains skiing or doing other winter sports (30%), or on exotic foreign beaches (18%).

ISTAT, the Italian official statistics bureau, estimated that in 2000, Italians made almost 90 million trips (are considered trips all travels with at least one night out) of which 15.6% was made abroad. A net increase over 1998, when travel abroad was 14.5% of total trips, while in 1999 travel abroad reached 15.2% of the total.

Tourism resorts in northern and central Italy offer excellent services and attract most Italian and foreign tourists. Northern Italy attracts 44.6% of internal Italian travelers; central Italy is preferred by 26.6% of Italians for their vacation. By contrast, in southern Italy, in spite of its wealth of natural and cultural attractions, tourism is still a relatively unexploited resource. It was the destination for 28.8% of Italian travelers in 2000. Only recently have regions in southern Italy started to stimulate investment to develop an adequate tourism infrastructure. This lack of good infrastructure discourages investments in large development projects.

ENIT (Ente Nazionale Italiano per il Turismo) is the agency charged with promoting Italy as a destination abroad. This institution's activities are often inadequate, so increasingly Italian regions are organizing their own promotional activities both in Italy and abroad. ENIT often coordinates the Italian pavilions in major tourism trade fairs worldwide. It also recently started to develop promotional campaigns to encourage alternative forms of tourism, like visiting smaller cities, "agriturismo" (i.e., farm and rural stays), going to spas or on a cruise.

BIT (Borsa Italiana del Turismo) is the largest tourism trade fair in Italy, and one of the largest in Europe, and is held every February in Milan. It is the most important event for promoting destinations both to Italian and international operators.

Tourism to Other Countries

Outbound travel from Italy increased significantly in the last six years. While in 1995, outbound arrivals amounted to 15.9 million, in 2000 they reached almost 21 million. Travel institute research indicates that outbound travel from Italy in 2001 will slightly increase. This is due partially to a change in habits and culture

of Italians, as it appears that Italians are increasingly willing to travel internationally, even when the exchange rate against the U.S. dollar and most European currencies are unfavorable.

France, with over 2.5 million Italian visitors, remains the preferred international destination. Spain ranks second with over 1.4 million, followed very closely by Germany with 1.2 million. In general, all nations in the Mediterranean Basin saw a double-digit tourism growth in the last three years. Due to the very unfavorable dollar/Euro exchange rate, for the summer holiday season tour operators were sold-out for all destinations within Europe in May. Among nearby countries, Croatia is expecting a greater number of Italian travelers in the summer of 2001.

Visits to Egypt (752,000 visitors from Italy in 2000), and the Red Sea in particular, saw a real boom from previous years. Together with Mexico, Egypt/Red Sea continues to be the most attractive medium/long haul destination for the beach vacations of Italians. The most successful package in these destinations is the all-inclusive stays in villages entirely managed by Italian companies. Among the long haul destinations, Mexico is the first-long haul destination after the U.S. with 223,000 visitors.

Proximity, and the fact that over 50% of Italians select their vacations based on information collected by family members and friends who travel, may also help explain the success of European destinations.

Tourism to the U.S.

The United States, with approximately 20% market share of total Italian long-haul travel, remains the preferred long-haul destination, and its market share in 2000 increased by 2 points. Total travel receipts from Italy to the United States were more than \$1.9 billion in 1998, and \$1.95 billion in 1999 with an average \$3,113 per capita spending. Despite the weakness of the Lira against the USD in 1999, the level of expenditures of Italian tourist remained high, the U.S. considered the “dream destination” by almost all Italian travelers. Over the past decade, the growth rate of arrivals of Italian visitors to the U.S. has been almost 30 percent.

In Italy, the U.S. is the “dream destination” for many reasons, mainly related to American culture promoted through movies, songs, television series and commercials. The U.S. is seen as “modern, advanced and beautiful.” When Italians are able to find the financial resources and the time to reach a long-haul destination, the U.S. is at the top of their list, regardless of their age or where they live.

Furthermore, for a significant number of Italians, a trip to the U.S. is no longer considered the “once in a lifetime” vacation, like, for instance, Australia or China. The U.S. is perceived more and more as easy to visit, still exciting and not too expensive. As a consequence, Italians tend to visit the U.S. frequently but for shorter stays. In 2000, the average stay was 15.3 nights, a 7% increase over the previous year.

The increasing number of flights from Italy to U.S. and resulting fare reductions have also stimulated this trend. There are several U.S. carriers as well as Alitalia, the main Italian airline, flying non-stop, to New York, Newark, Washington, D.C., Boston, Chicago, Atlanta, Miami, Los Angeles, Detroit, Philadelphia and San Francisco.

The new Malpensa 2000 airport near Milan, inaugurated in the fall of 1998, is the first hub to serve northern Italy. In 1999, Malpensa was the 17th largest European airport and is Alitalia’s northern hub. With approximately 17 million passengers, Malpensa recorded 186% increase over the previous year. As a consequence of the opening of Malpensa, all European carriers intensified their flights from smaller airports in northern Italy to their hubs to compete with Alitalia.

Arrivals of Italians in the U.S. reach their peak in August (14.7%) followed by July (10.1%) while during the rest of the year an average of 6-7% each month arrive.

According to the latest statistics available (developed by the Tourism Industries Office, International Trade Administration, U.S. Department of Commerce based on 1999 data), the reasons for traveling to the U.S. for Italians are as follows:

Reasons for traveling to the U.S. in 2000

Purpose of trip	2000	% change over 1999
Leisure	46%	-14
Business	47%	+14
Visit Friends and Relatives (VFR)	23%	-4
Conventions	13%	-2

More recent statistics provide some additional insights into the behavior of Italian tourists in the U.S. and their modes of transportation once there:

Behavior patterns of Italian tourist in U.S.

	2000	1999
Average length of stay	15.3	14.3
Use of pre-paid packages	22%	14%
First International travel	26%	25%
Average daily expenditure	N/A	USD 117
Av. Number of states visited	1.8	1.8

Type of transportation used in U.S. (multiple answer)

Car rental	36	37
Airline in U.S.	36	30
Private automobile	25	22
Bus between cities	14	6
Rail between cities	10	7

C. END USER ANALYSIS

Italian tourists have a tendency to make travel arrangements late or make no arrangements at all, are among the biggest international spenders, and are very family oriented, even on vacation.

56.8% of Italians leave for their vacations (short or long) without any kind of bookings, 20.8% book only the lodging directly with the hotel or through a travel agency, and 13.5% book the whole package in a travel agency. Also, when planning an international trip, such as one to the U.S., this habit continues: 60.5% of travel packages to the U.S. were booked fewer than 30 days in advance; 77.2% of airlines reservations were made less than 30 days in advance.

Italians' daily expenditures for food, shopping and excursions are above the world average. Italians are always very welcome in the world's biggest shopping cities as well as in holiday resorts. When traveling, they like to enjoy expensive and exclusive restaurants since food is a very important item on any Italian traveler's budget. Additional excursions are a must. Recent studies conducted by ISNART (an Italian research institute

specialized in tourism surveys) estimate that in 2001 37.7 % of Italians will budget for their main holiday (travel and lodging costs) USD 480-960; 25.1% USD 960-1430, 8.4% USD 1430-2380; and 5% over USD 2400. Of the remaining 25%, 12.5% will spend less than \$480, and 6% is uncertain.

Studies carried out by Trademark Italia reveal that Italians take an average of 1.9 vacations during the summer period. Almost 20% take two vacations, 9% take three, 5% four vacations and 5.5% go on vacation from five to nine times. Also, the average length for a vacation has increased and for next summer it's predicted to be 10-12 days.

Italians are very family oriented with the selection of whom they like to spend their vacation with: 60.8% of Italians go on vacations with their own relatives and/or friends, 31.4% with boyfriend/girlfriend, and only 8.5% on their own.

For Italians, travel packages abroad and in Italy are less popular. The two main reasons why package travel is not popular in Italy are:

- 1) younger travelers (25 to 35 years) a majority of travelers, have enough command of the English language to travel alone and make reservations;
- 2) Italian tourists rely very heavily on creativity and fantasy. In spite of the hundreds of tour operators in Italy that offer packages at very reasonable prices, many Italians believe that the best way to "discover" a destination is to do it by themselves. As a result, many Italians buy only airline tickets and then make their own arrangements either before they leave Italy or once they arrive in the foreign country.

In the last three years, there has been a considerable increase in the share of travel package in the Italian market. The U.S. market shows that prepaid packages increased from 14% of total travel to 22% in 2000. This growth is due to the advertising efforts of the main TOs, the increased preference of the "all-inclusive" stays, like villages, and the widespread concept of last minute discounted offers that now represent over 30% of total sales of travel packages. Nevertheless, the shift was so considerable that Italian TOs were able to experience double digit growth of their sales in the last three years.

D. MARKET ACCESS

Economic Climate Affecting Travel Abroad

There are two main factors that may impact upon the willingness and ability of the Italians to travel and vacation outside of Italy.

The lira/Euro value against the currency of the nation of destination:

The value of the lira/Euro has a direct impact on the willingness and ability of Italians to travel abroad. The lira/Euro has been weakening vis-a-vis the U.S. dollar and in the first months of year 2001, the U.S. dollar/lira exchange rate peaked 2296 lira. Although in 1997, 1998 and 1999 an increasingly stronger U.S. dollar did not discourage Italians from travelling to the U.S., the year 2000 saw a considerable decrease in travel to the U.S.

The domestic economic situation:

Declines in consumer confidence, persistent high unemployment and low growth influence how Italians plan their travels and vacations. The Italian economy is gradually showing signs of improvement and travel for tourism, especially outside Italy, is expected to rebound.

Business Practices

Even if Italians know well in advance what their vacation schedule is, they usually book their vacations very late. In 1999, the last minute offers (departure less than 15 days before purchase) reached 31% of all sold

travel packages, and 54% of packages are sold between 15 and 30 days before departure, even if 47% of Italians plan their main summer vacation between March and May. In the past couple of years some tour operators attempted to discourage last minute or late bookings by offering discounts to those booking their vacations in advance (45-90 days in advance) with some positive results.

TOUR OPERATORS

Italian TOs are generally very small and cover market niches, with few exceptions. In order to compete with the giant German and British TOs, Italian TOs have started to merge and raise capital by listing on the Milan stock exchange. The largest Italian TO is Alpitour, and started the acquisition trend by acquiring, in 1997, Francorosso (the third largest Italian TO), and several other smaller Italian TOs like Viaggidea.

At the end of 1999, Hotelplan took control of Turisanda, making it the most important acquisition of the year in the Italian market. More recently, Viaggi del Ventaglio acquired Columbus, which followed another merge between Boscolo and Rallo. For the first time, the Italian market shows three big groups (Alpitour, Costa Crociere and Ventaglio) which exceed or are close to one thousand billion dollars in their total sales.

In general 2000 was a very successful year for the Italian tour operators: most of the top 35 TOs reported double digit growth with an increase of 20.5% in sales (14.5% in 1999) as well as an increase in the number of passengers by 15.7% (13.3% in 1999).

Top twelve Italian Tour Operators and turnover (in Lira billion – USD1 equals 2100 lira)

Source: TTG Italia, July 2001

	1999 sales	2000 sales	99/00%
Alpitours	1777	2000	+12.4
Costa Crociere	1022	1108	+8.5
I Viaggi del Ventaglio	735	914	+24.3
Gruppo HIT	420	475	+13.1
Gruppo Hotelplan	409	412	+0.7
Valtur	323	405	+25.4
Teorema	285	370	+29.8
Kuoni Gastaldi Tours	294	305	+3.8
MSC Crociere	190	224	+17.9
Eurotravel	175	210	+20
Aeroviaggi	175	176	+0.6
I Viaggi del Turchese	135	173	+28.1
Olympia Viaggi	150	155	+3.3
Boscolo Tours	120	154	+28.3
I Grandi Viaggi	109	151	+37.9

Data related to ten major Italian tour operators shows that they totaled almost 8 trillion lire turnover in 2000. In particular, these tour operators brought about 60,000 passengers to the U.S. which resulted in a total turnover of 180,000 billion lire and an average cost per person of 3 millions lire. In line with the estimates of growth in tourism expenditures, Italian TOs turnovers are expected to continue to grow.

The use of the internet as a distribution instrument very interesting news. In fact, in 2000, ten TOs out of thirty-five opened a web page and distributed from 2 to 15% of their total sales volume through the internet. Therefore, more and more TOs are investing in the new technologies, while the number of web fans among

travel agents is increasing. The main reasons for Internet popularity are lower costs and the growing number of web users.

Italian tour operator catalogs have a shelf life of only 3 months, compared to the 6-12 months for their British and German competitors. Nevertheless, Italian travelers, with their tendency not to plan their vacations in advance, usually pay a deposit upon booking (one to two months in advance) and then pay the remainder of the cost of the vacation as late as one week before traveling. However, given the trend towards last-minute bookings, which already account for 20 percent of the total package market, tour operators might not receive payment until the client has already traveled. U.S. suppliers (usually in receipt of a down payment on services booked in advance by tour operators/travel agents) should be aware that the Italian tour operator must often use its reserves to cover this cost.

TRAVEL AGENCIES

There are over 6,800 travel agencies in Italy (an average of one for every 8,500 people), of which only 4,000 are IATA affiliated. Despite increasing competition from the sale of travel on the internet and the reduced commissions on air ticketing, the number of travel agencies in Italy is steady and in some areas is even growing.

The Italian Ministry of Industry and Commerce introduced new regulations that will allow travel agencies to sell consumer items besides travel packages. The introduction of travel related consumer items will probably help increase profitability of travel agencies and increase the level of service offered to customers.

Travel agency networks and purchasing groups in Italy are increasing in number and affiliates, with 35% of the over 6,800 agencies members. It will be easier for networks to increase profitability by introducing new merchandising in their outlets.

The most important franchising travel networks are (as of February 2000):

- **GiraMondo Viaggi Franchising**

The largest franchising network with over 600 travel agency affiliates located all over Italy, with turnover in 2000 of about 1.3 billion lire and 1.8 million clients.

- **Buon Viaggio SpA**

It is the second largest franchising travel network with 3285 affiliates. Last year, turnover amounted at 1.5 billion lire, while the number of clients reached over 2 million.

- **Travel Company**

It is considered the third largest franchising network with 180 travel agency affiliates and an annual turnover of 635 billion lire. In 2000, it registered almost 700,000 clients.

- **Buscard/Web Travel Point**

It counts 165 travel agency affiliates and claims a turnover of 480 billion lire with 450,000 clients in 2000.

- **CTS Viaggi**

Very well known as tour operator/travel agent for young people. Last year its turnover amounted to 280 billion lire and counted about 250,000 clients. Its products are distributed through about 160 travel agencies.

- **CIT**

It is the third for turnover, having registered 855 billion lire. It counted on 132 travel agency affiliates and almost 400,000 clients in 2000.

WEBSITES

It is estimated that tourism on the web in Italy during 2000 has sold about 50 billion lire (\$23.8 million) in travel packages, but sales are growing rapidly. All travel websites have stipulated agreements with major TOs while sales are done or through the usual retail channel, or call center, and minimal transactions are concluded electronically. As of March 2001, a survey among the main Italian travel websites produced the following results.

Edreams (www.edreams.it) reported 10.2 billion lire (\$4.8 billion) in sales for the year 2000. During the Christmas season sales volume reached 4 billion lire while its average monthly sales mount to two billion lire.

Travelonline (www.travelonline.it) is the second largest Italian web agency with over 10 billion lire in sales. Travelonline is pioneer in the website travel agencies, as was the first to open in 1995.

Lastminutetour (www.lastminutetour.com) focused its product on last minute sales. In fact, since 80% of web readers are looking for special offers, Lastminutetour concentrated its sales on this type of request. 70% of its product is sold four days before departure. During 2000 it totaled 9.5 billion lire of sales.

Eviaggi (www.eviaggi.com), a joint venture between Kataweb and Amadeus, reported 80,000 page viewers per day but did not disclose information about sales.

Travelprice (www.travelprice.com/it) is the Italian version of a French website that offers auctions as well as information and packages. It reports 3 billion lire in sales and 5,200 passengers. Their goal is to reach 20 billion sales by the end of the year.

Lastminute (www.lastminute.com) is the latest web travel agent. It already reported 500 new page viewers a day and 9,000 visitors in 3 months. It recently opened "Firstminute" (www.firstminute.com) for those who make their reservations in advance.

VISIT USA ASSOCIATION

The Visit USA Association/Italy (39 members of the Italian/U.S. travel trade industry and 16 U.S. sponsors in 2001) is a non-profit organization devoted to promoting tourism to the U.S. in Italy. In 1996, it became an independent, private association following the closure of USTTA, which had provided management to the Association. The Visit USA Association in Italy is becoming more active in the market, through participation in the two most important tourism trade fairs and organizing training seminars and receptions targeted at the tourism trade in Italy. The Association produces a brochure listing its members and key contacts. This brochure is updated every year and distributed to Italian travel agencies and to U.S. contacts at POW WOW. The Visit USA membership fee is currently one million lira (\$475) for Italian members plus 500,000 lira (\$240) of entry fee and \$750 for U.S. sponsors (no entry fee is requested).

U.S. COMMERCIAL SERVICE PROGRAMS

Since September 1997, travel and tourism is a priority sector in the U.S. Department of Commerce's Commercial Service Showcase Europe program, whereby Commercial Service posts in Europe concentrate their promotional and market research efforts and resources on industry sectors representing best prospects for U.S. business. The Commercial Service officer in London is coordinating the program.

Trade Promotion Opportunities

Milan, Italy
February 20-24, 2002

The Commercial Service Office in Milan (CS Milan) and the Visit USA Association Italy organize an U.S. Pavilion at BIT 2002, with CS Milan managing and administering the Pavilion. The goal is to enlarge the U.S. pavilion that in 2001 consisted of 38 direct exhibitors (U.S.-based destinations and tour operators). A variety of promotional services will be available to all exhibitors. The services include a full schedule of one-on-one appointments for all the U.S. participants with key contacts in the market; a U.S. pavilion promotional brochure; interpreters and related support services; contacts with the tourism press; a specialized publicity campaign to attract attention to the Pavilion; and a lounge to receive guests.

POINTS OF CONTACT

Mr. Eric Weaver, Senior Commercial Officer
The Commercial Service
American Embassy to Italy
Via Veneto 119/a
00187 Rome
Tel 39/06/4674-2382
Fax 39/06/4674-2113

Ms. Maria Andrews, Principal Commercial Officer
Ms. Simonetta Busnelli, Trade Specialist for T&T in Italy
The Commercial Service
American Consulate General
Via Principe Amedeo 2
20121 Milan
Tel: +39/02/659-2260
Fax: +39/02/659-6561
e-mail: Milan.Office.Box@mail.doc.gov

U.S. travel and tourism companies are encouraged to contact tourism specialist Simonetta Busnelli at the American Consulate in Milan for more information on how to promote their products and services in Italy.

Visit USA Association
c/o BCN Intl. Marketing
Via Silva 29
20149 Milano
Tel: +39/02/48108639
Fax: +39/02/48517909
President: Mr. Massimo Loquenzi
e-mail: mastercons@tiscalinet.it

For additional information regarding market research specific to your products and services, ask about our Flexible Market Research and Customized Market Analysis programs by contacting us at 1-800-USA-TRAD(E) or www.usatrade.gov. Both reports provide timely, customized, reliable answers to your inquiries about a market and its receptivity to your products and services.

ISA Customer Satisfaction Survey

U.S. Department of Commerce
International Trade Administration
The Commercial Service

The U.S. Department of Commerce would appreciate input from U.S. businesses that have used this ISA report in conducting export market research. Please review the privacy statement / disclaimers at the bottom of this Web site. Please take a few moments to complete the attached survey and fax it to 202/482-0973, mail it to QAS, Rm. 2002, U.S. Department of Commerce, Washington, D.C. 20230, or Email: Internet[Robert.Opfer@mail.doc.gov].

* * * About Our Service * * *

1. Country covered by report: _____

Industry/title: _____

Commerce domestic office that assisted you (if applicable):

2. How did you find out about the ISA service?

- ☐ Direct mail
- ☐ Recommended by another firm
- ☐ Recommended by Commerce staff
- ☐ Trade/state/private newsletter
- ☐ Department of Commerce newsletter
- ☐ Other (specify): _____

3. Please indicate the extent to which your objectives were satisfied:

- 1-Very satisfied
- 2-Satisfied
- 3-Neither satisfied nor dissatisfied
- 4-Dissatisfied
- 5-Very dissatisfied
- 6-Not applicable

- ☐ Overall objectives
- ☐ Accuracy of information
- ☐ Completeness of information
- ☐ Clarity of information
- ☐ Relevance of information
- ☐ Follow-up by Commerce representative

4. In your opinion, did using the ISA service facilitate any of the following?

- ☐ Decided to enter or increase presence in market
- ☐ Developed an export marketing plan
- ☐ Added to knowledge of country/industry
- ☐ Corroborated market data from other sources
- ☐ Decided to bypass or reduce presence in market
- ☐ Other (specify): _____

5. How likely would you be to use the ISA service again?

- ☐ Definitely would
- ☐ Probably would
- ☐ Unsure
- ☐ Probably would not
- ☐ Definitely would not

6. Comments:

* * * About Your Firm * * *

1. Number of employees: ☐ 1-99 ☐ 100-249 ☐ 250-499
☐ 500-999 ☐ 1,000+

2. Location (abbreviation of your state only): _____

3. Business activity (check one):

- ☐ Manufacturing
- ☐ Service
- ☐ Agent, broker, manufacturer's representative
- ☐ Export management or trading company
- ☐ Other (specify): _____

4. Value of export shipments over the past 12 months:

- ☐ Less than \$10K
- ☐ \$11K-\$100K
- ☐ \$101K-\$500K
- ☐ \$501K-\$999K
- ☐ \$1M-\$5M
- ☐ More than \$5M

May we call you about your experience with the ISA service?

Contact name: _____

Phone: _____

Fax number: _____

Email: _____

Thank you--we value your input!

This report is authorized by law (15 U.S.C. 1512 et seq., 15 U.S.C. 171 et seq.). While you are not required to respond, your cooperation is needed to make the results of this evaluation comprehensive, accurate, and timely. Public reporting burden for this collection of information is estimated to average ten minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Reports Clearance Officer, International Trade Administration, Rm. 4001, U.S. Dept. of Commerce, Washington, D.C. 20230, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0625-0217), Washington, D.C. 20503.

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